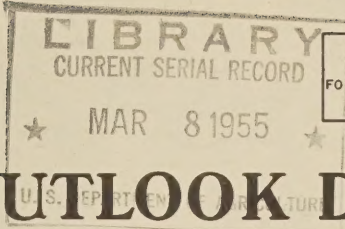


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# the AGRICULTURAL OUTLOOK DIGEST

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Farmers generally are likely to find their economic situation in 1955 much the same as this year.

The U. S. market for the products of the farm is expected to be at least as good as in 1954 because of outlook for stability in business and industry. Exports probably will increase. Supplies of farm products will continue large. Prices farmers pay for both production goods and family living items are likely to change little.

Despite the mild decline in economic activity from record 1953 level, consumer incomes have held at record levels in 1954. Income tax reduction and unemployment compensation offset the decline in total income resulting from increased unemployment. Consumers spent about a fourth of their income for food, about the same proportion as in other recent years.

In 1955, spending for defense is scheduled to continue downward but drop may be much less than from 1953 to 1954. Meanwhile, expenditures by state and local governments, which have been rising for several years, will continue upward.

Total business inventories have been reduced about 4% over the past year. With consumer and other final demands expected to hold up well, the effect of inventory liquidation will likely diminish over the months ahead.

Downtrend in business investment probably will continue into 1955 but total for year is likely to be close to 1954. New tax law which includes more rapid depreciation rates may encourage investment. Demand is strong for machinery that will cut costs. The boom in construction, a major factor in this year's relatively high level of activity, shows no sign of abating.

These prospects add up to economic stability for 1955. Consumer income is likely to hold at about the 1954 total and could increase some. The amount spent for food--most important factor in the U. S. demand for farm products--is not likely to change significantly.

Outlook for exports is brighter for 1955. Other nations have more dollars to spend. Foreign stocks of some products, particularly cotton, are lower than last year. The Agricultural Trade Development and Assistance Act will encourage movement of our farm products abroad.

Foreign purchases of cotton, tobacco, and wheat are likely to increase. Exports of fats and oils will continue heavy. Total farm exports in 1954-55 may be up a tenth or more from relatively low 1953-54 level of \$2.9 billion.

Heavy supplies will continue to press on farmers' prices. Stocks from previous crops will again be large. Output of livestock and poultry and products will be at or near record levels. Wheat and cotton production is likely to be down because of acreage restrictions but land taken out of these crops will produce other commodities. Total farm output next year may be a little smaller than this year if weather is average.

It seems likely that demand conditions for farm products--including both domestic and foreign demands--will be at least as good in 1955 as this year. Prices received by farmers may be expected to average close to levels prevailing this fall. Cash receipts may decline somewhat, largely because of reduced wheat and cotton production. Production costs may ease slightly. Next income to farm operators should approach that of 1954.

**LIVESTOCK:** Numbers of cattle on farms probably are being reduced this year; some further reduction is likely in 1955. Slaughter and beef production next year are likely to be close to 1954 levels. Prices to farmers probably will be much the same as this year.

The 10 to 12% larger pig crop this fall than last will mean increased pork production next spring and summer. Next spring's crop is likely to show a much smaller increase because of smaller corn crop



this year. Hog prices next spring will be well below unusually high level of last spring; prices next fall probably will be close to this fall.

DAIRY: Milk production in 1955 is likely to equal the 124 billion pound record of this year. The amount used in the U. S. is expected to increase again, indicating a smaller surplus than in either of the last 2 years. Prices to farmers probably will average about the same as in the last 9 months of 1954.

POULTRY AND EGGS: Number of hens and pullets now on farms means large supplies of eggs through at least mid-summer, 1955. Consumer demand will stay about the same as in 1954 but storage demand next spring will be weaker. Egg prices to farmers will continue below average compared with feed prices. This probably will result in fewer chicks raised for laying flock replacement in 1955.

Relatively low prices for this year's record turkey crop probably will lead to reduced output and higher prices in 1955.

A slight increase in broiler production is likely in 1955. Although prices are down sharply from 1953, they have apparently still been high enough to generally cover out-of-pocket expenses of producers.

FEEDS: The 1954-55 supply of concentrates, though near-record in size, is only slightly above last year and average on a per animal unit basis. Hay supply per animal is below average. Feed prices in 1954-55 are expected to continue near 1953-54 level.

FATS AND OILS: The soybean crop this year is a record while cottonseed output is down nearly a fourth from last year. The peanut crop is below estimated food and farm uses. Prices of all three products are expected to be above support levels in 1954-55. Flaxseed production is well above prospective use and prices will average around support.

WHEAT: Acreage allotment for 1955 crop calls for 12% reduction in acreage seeded for harvest as grains. Unless yields are unusually high, this could result in a reduction in stocks during 1955-56.

FRUIT: Average or better weather next year probably would result in increased production of both citrus and deciduous fruits. Export demand is likely to be up. Stocks of canned and frozen citrus juice are larger than last year. Farmers prices of both citrus and deciduous fruits may average a little below 1953-54 level.

VEGETABLES: Higher production, lower prices are in prospect for potatoes next year. Increased acreage is expected because of higher prices for 1954 crop than for 1953 output. Yields up to the level of the last 3 years would result in increased production.

The 1954 pack of processed vegetables probably was down from last year; this year's carryover was up. Total supply will be large enough to maintain 1954-55 consumption at about same rates per person as in 1953-54.

COTTON: Both U. S. mill consumption and exports are likely to increase in 1954-55. With supply estimated to be about the same, stocks probably will be reduced considerably by August 1, 1955.

Marketing quotas of 10 million bales of upland and 30 thousand of extra-long staple have been announced for 1955. National acreage allotment for upland will be 18.1 million compared with 20 million in cultivation on July 1, 1954.

TOBACCO: Supplies of flue-cured and burley for 1954-55 are larger than last year; supplies of most other kinds also are large. Domestic use is expected to be about the same as in 1953-54 while exports probably will be moderately larger.